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Tyler B. Gaines (Of Counsel)

September 23, 2005

Ms. Barbara L. Peterson Assistant Regional Counsel United States Environmental Protection Agency Region VII 901 North 5th Street Kansas City, KS 66101 40254077

RE:

Beatrice Former Manufactured Gas Plant ("FMGP") Site

Beatrice, Nebraska

Dear Barbara:

I thank you very much for taking it upon yourself to explain my predicament (the City of Beatrice's predicament) to your peers. I very much, and I do mean very much, appreciate having just a bit of room to attempt to posture the City in such a way as to protect its interests.

As an explanation for the delay that I have requested, I am enclosing a copy of the Flood Plain Acquisition Administrator Agreement that was entered into between the City of Beatrice and Kirkham, Michael & Associates, a Nebraska consulting engineers firm.

The City of Beatrice, as a part of its participation in the FEMA Floodway Mitigation Program, determined to place responsibility for administration and participation and particularly, responsibility for the negotiation and purchase of properties, with an outside/third-party. It was thought that doing so would avoid any potential claims of conflict of interest.

I am enclosing a copy of the agreement with which I am dealing, for your review.

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Of particular consequence are the provisions set forth in paragraph 21 of the main agreement and paragraph 1(h) of the attachment.

I realize, appreciate, and fully understand that your role, and the role of your agency, is not to referee or to decide issues of liability between third parties. I understand that your attention is directed solely to the question of potentially responsible parties and initiation of remedial activities as and where necessary.

From my standpoint, I am, at the moment, between the proverbial rock and hard place. If I were to take action, at the present time, without notice and opportunity to participate to the potential indemnifying party, I run the risk of losing the ability to seek indemnity. Generally, the law is, the party indemnified may not act to the prejudice of the indemnifying party, without notice, consent, opportunity to be heard, etc. On the other hand, if I delay, unduly, in negotiating an agreement with your agency, inaction becomes the same as action, which will yield equally problematic prejudice to the indemnifying party, and thus provide them with a defense to liability that I am neither anxious nor willing to create.

I have contacted the contracting party, Kirkham Michael, and through persistent effort, was able to gain permission to contact their attorney directly (one John Liakos, attorney at law). Mr. Liakos is a real estate attorney of long-standing duration in the City of Omaha. I am uncertain as to his background in dealing with environmental issues. I can't learn more at the present time because he underwent rather significant surgery on Wednesday, and is out of the office until at least Monday, the 26th. If the surgery is rotator cuff repair, which was the procedure that was reported to me, I question whether he can return to the office on five days' rest. Thus, at the moment, I have no one to talk to other than myself, you, and Mr. Young.

As the matter currently stands, it appears to me that the only option I have is to bring a declaratory judgment action against Kirkham Michael under the terms of the indemnification agreement and by doing so, at least protect my ability to engage in direct negotiations with the environmental protection agency. I really see no alternative. This obviously does not affect you, your agency, or the process of negotiating a consent decree. It does, however, directly and significantly bear upon and impact my client's financial exposure and ability to obtain contribution or indemnification with regard to the waste site.

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Ordinarily, I would be more circumspect in making disclosures regarding anticipated work activities but it seems to me to be fairly important that you have a working understanding of my predicament and plan to deal with it.

Thank you for your attention with regard to this matter and I really can't say more.

Sincerely,

KCE:bg Enc

FLOOD PLAIN ACQUISITION ADMINISTRATOR AGREEMENT

THIS AGREEMENT made and entered into by and between the City of Beatrice, Nebraska, a Municipal Corporation, hereinafter referred to as the City, and Kirkham, Michael & Associates, Inc., a Nebraska corporation, hereinafter referred to as the Consultant. WITNESSETH THAT:

WHEREAS, the City has been awarded a grant for \$665,850.00 under the Hazard Mitigation Grant Program ("Hazard Mitigation Grant") authorized by Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act and the Hazard Mitigation and Relocation Act of 1993 ("Hazard Mitigation Act") and the City has also been awarded a community development block grant in the amount of \$222,000.00 ("CDBG Grant") pursuant to Title I of the Housing and Community Development Act of 1974, as amended through 1981 and 24 CFR 570 ("HUD Act");

WHEREAS, the City may be awarded additional funds as a part of Hazard Mitigation and CDBG Grants;

WHEREAS, the CDBG Grant will be administered by the State of Nebraska, Department of Economic Development ("DED"); and the Hazard Mitigation Grant will be administered by the Federal Emergency Management Agency ("FEMA");

WHEREAS, such funds will be used to buy-out and remove residences and businesses from the Floodway District and Floodway Fringe District of the City;

WHEREAS, the Scope of Work included in this contract is authorized as part of the City's approved Hazard Mitigation and CDBG Grant programs;

WHEREAS, it would be beneficial to the City to utilize the Consultant as an independent entity to accomplish the Scope of Work set forth herein and such endeavor would tend to best accomplish the objectives of the local grant programs.

NOW, THEREFORE, in consideration of the mutual promises, covenants and provisions contained herein and the mutual benefits to be derived therefrom, the parties hereto agree as follows:

1. Services to be provided by the Parties

a. The Consultant shall complete in a satisfactory and proper manner as determined by the City the work activities described in the Scope of Work (Attachment #1 to the contract). The Consultant

shall provide all labor, materials, transportation and equipment to complete these work activities; provided, the City Council Chambers located in the City Auditorium, 205 North 4th Street shall be available to Consultant for meetings with Owners and Tenants of residences and businesses to be purchased under the grant programs, unless previous arrangements have been made for use of the Council Chambers by another person.

b. The City will provide such assistance and guidance as may be required to support the objectives set forth in the Scope of Work and will provide compensation for services as set forth in Section 3 below.

2. Time of Performance

The effective date of this contract shall be the date the parties sign and complete execution of the contract.

3. Consideration

In consideration for the services provided by the Consultant hereunder, the City shall pay to the Consultant the following maximum fees for tasks to be performed:

<u>Tasks</u>	<u>Maximum</u> <u>Fee</u>
Completing all work prior to closing for the purchase of a parcel of real estate under the Grant programs	\$500.00 per parcel
Additional fee for closings for the purchase of such parcels of real estate	.\$250.00 per parcel
Additional fee if relocation benefits are to be given to a tenant	\$500.00 per parcel
Fee for all other services described in the Scope of Work	\$3,500.00 lump sum
Subject to the above described maximum fee for tasks to be performed will be paid bas following current hourly Billable Rates:	

Principal	Hourly <u>Billable Rates</u>
Project Manager	\$69.57
Senior Right of Way Agent	\$55.41

Principal	Hourly <u>Billable Rate</u> s			
Right of Way Agent	\$37.63			
Word Processor	\$28.22			
Sub Contract Negotiator	\$25.00			

Billings will be submitted by the Consultant not more often than once each month and are due and payable by the Owner within thirty (30) days after receipt. Unpaid balances shall be subject to an interest charge at the rate of one percent (1%) per month after 30 days from the date of receipt by Owner. In addition, Consultant may, if payment is not received within 30 days of billing date, after giving seven days written notice to the Owner, suspend services without liability until the Owner has paid in full all amounts due the Consultant.

It is also understood that this contract is funded in whole or in part with CDBG funds through the State of Nebraska Community Development Block Grant Program as administered by DED and is subject to those regulations and restrictions normally associated with federally funded programs and any other requirements that the state may prescribe.

4. Records

The Consultant agrees to maintain such records and follow such procedures as may be required under OMB Circular A-102 and any such procedures that the City or DED may prescribe. In general such records will include information pertaining to the contract, obligations and unobligated balances, assets and liabilities, outlays, equal opportunity, labor standards (as appropriate), and performance.

All such records and all other records pertinent to this contract and work undertaken under this contract shall be retained by the Consultant for a period of three years after the final audit of the City's CDBG project, unless a longer period is required to resolve audit findings or litigation. In such cases, the City shall request a longer period for record retention.

The City, DED and duly authorized officials of the state and federal government shall have full access and the right to examine any pertinent documents, papers, records and books of the Consultant involving transactions to this local program and contract.

5. Relationship

The relationship of the Consultant to the City shall be that of an independent Consultant rendering professional services. The Consultant shall have no authority to execute contracts or to make commitments on behalf of the City and nothing contained herein shall be deemed to create the relationship of employer and employee or principal and agent between the City and the Consultant.

6. Suspension, Termination and Close-out

Except as otherwise provided herein, this Agreement will terminate upon the completion of the Hazard Mitigation Grant and the CDBG Grant. If the Consultant fails to comply with the terms and conditions of this contract, the City may pursue such remedies as are legally available including, but not limited to, the suspension or termination of this contract in the manner specified herein:

- Suspension If the Consultant fails to comply with the terms and conditions of this contract, or whenever the Consultant is unable to substantiate full compliance with the provisions of this contract, the City may suspend the contract pending corrective actions or investigation, effective not less than seven (7) days following written notification to the Consultant or its authorized representative. The suspension will remain in full force and effect until the Consultant has taken corrective action to the satisfaction of the City and is able to substantiate its full compliance with the terms and conditions of this contract. obligations incurred by the Consultant or its authorized representatives during the period of suspension will be allowable under the contract except:
 - (1) In the event all or any portion of the work prepared or partially prepared by the Consultant be suspended, abandoned, or otherwise terminated, the City shall pay the Consultant for work performed to the satisfaction of the City, in accordance with the percentage of the work completed.
- b. <u>Termination for Cause</u> If the Consultant fails to comply with the terms and conditions of this contract and any of the following conditions exist:
 - (1) The lack of compliance with the provisions of this contract are of such scope and nature that the City deems continuation of the

- contract to be substantially detrimental to the interests of the City;
- (2) The Consultant has failed to take satisfactory action as directed by the City or its authorized representative within the time specified by same; or
- (3) The Consultant has failed within the time specified by the City or its authorized representative to satisfactorily substantiate its compliance with the terms and conditions of this contract; then the City may terminate this contract in whole or in part, and thereupon shall notify the Consultant of the termination, the reasons therefore, and the effective date, provided such effective date shall not be prior to notification of the Consultant. After this effective date, no charges incurred under any terminated portions are allowable.
- c. <u>Termination for Other Grounds</u> This contract may also be terminated in whole or in part:
 - (1) By the City, with the consent of the Consultant, or by the Consultant with the consent of the City, in which case the two parties shall devise by mutual agreement, the conditions of termination including effective date and in case of termination in part, that portion to be terminated.
 - (2) If the funds allocated by the City via this contract are from anticipated sources of revenue, and if the anticipated sources of revenue do not become available for use in purchasing said services.
 - (3) In the event the City fails to pay the Consultant promptly or within sixty (60) days after invoices are rendered, the City agrees that the Consultant shall have the right to consider said default a breach of this agreement and the duties of the Consultant under this agreement terminated. In such an event, the City shall then promptly pay the Consultant for all services performed and all allowable expenses incurred.
 - (4) The City may terminate this contract at any time giving at least ten (10) days notice in writing to the Consultant. If the contract is terminated for convenience of the City as

provided herein, the Consultant will be paid for time provided up to the termination date.

7. Changes, Amendments, Modifications

The City may, from time to time, require changes or modifications in the scope of services to be performed hereunder. Such changes, including any increase or decrease in the amount of compensation therefore, which are mutually agreed upon by the City and the Consultant shall be incorporated in written amendments to this contract.

8. Personnel

The Consultant represents that he has, or will secure at his own expense, all personnel required in performing the services under this contract. Such personnel shall not be employees or have any contractual relationship to the City.

All services required hereunder will be performed by the Consultant or under his supervision and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under state or local law to perform such services.

None of the work or services covered by this contract shall be subcontracted without prior written approval of the City. Any work or services subcontracted hereunder shall be specified by written contract or agreement and shall be subject to each provision of this contract.

9. Assignability

The Consultant shall not assign any interest on this contract, and shall not transfer any interest on this contract (whether by assignment or novation), without prior written consent of the City thereto; provided, however, that claims for money by the Consultant from the City under this contract may be assigned to a bank, trust company, or other financial institutions without such approval. Written notice of any such assignment or transfer shall be furnished promptly to the City.

10. Reports and Information

The Consultant, at such times and in such forms as the City may require, shall furnish the City such periodic reports as it may request pertaining to the work or services undertaken pursuant to this contract, the costs and obligations incurred or to be incurred in connection therewith, and any other matters covered by this contract.

11. Findings Confidential

All of the reports, information, data, etc., prepared or assembled by the Consultant under this contract are confidential and the Consultant agrees that they shall not be made available to any individual or organization without prior written approval of the City.

12. Copyright

No report, maps, or other documents produced in whole or in part under this contract shall be subject of an application for copyright by or on behalf of the Consultant.

13. Compliance With Local Laws

The Consultant shall comply with all applicable, laws, ordinances and codes of the state and local governments and the Consultant shall save the City harmless with respect to any damages arising from any tort done in performing any of the work embraced by this contract.

14. Title VI of the Civil Rights Act of 1964

The Consultant agrees that in accordance with Title VI of the Civil Rights Act of 1964, no person, shall, on the grounds of race, color or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity under the Hazard Mitigation Grant or the CDBG Grant.

15. <u>Section 109 of the Housing and Community Development</u> <u>Act of 1974</u>

The Consultant agrees that no person in the United States shall on the grounds of race, color, national origin, or sex be excluded from participation in, be denied benefits of or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under the Hazard Mitigation Grant or the CDBG Grant.

16. Section 3 Compliance with the Provision of Training, Employment and Business Opportunities

a. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

- b. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implements section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- c. The Consultant agrees to send to each labor organization or representative of workers with which the Consultant has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of Consultant's commitments under this Section 3 clause, and shall post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can The notice shall describe the section see the notice. 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- d. The Consultant agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135 and agrees to take appropriate action as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations, 24 CFR Part 135. The Consultant will not subcontract with any subcontractor where the Consultant has notice or knowledge that the subcontractor has been found in violation of regulations in 24 CFR Part 135.
- e. The Consultant will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 135.
- f. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
- g. With respect to work performed in connection with section 3 covered Indian housing assistance, section

7(b) of the Indian Self-determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

17. Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101, et.seq.)

The Consultant agrees that no person will be excluded from participation, denied program benefits or subjected to discrimination on the basis of age under any program or activity under the Hazard Mitigation Grant or the CDBG Grant.

18. Section 504 of the Rehabilitation Act of 1973. As Amended (29 U.S.C. 794).

The Consultant agrees that no otherwise qualified individual will, solely by reason of his or her handicap, be excluded from participation (including employment), denied program benefits or subjected to discrimination under any program or activity under the Hazard Mitigation Grant or the CDBG Grant.

19. Conflict of Interest

The Consultant agrees that neither the Consultant nor any officer, employee or agent of the Consultant or City, who will participate in the selection, the award, or the administration of this grant, may obtain a personal or financial interest or benefit from the activity or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. further required that this stipulation be included in all subcontracts to this contract. Upon written request, exceptions may be granted upon a case by case basis when it is determined that such an exception will serve to further the purposes of the Housing and Community Development Act of 1994 and the effective and efficient administration of the recipient's program or project. These exceptions are granted by DED.

20. Audits and Inspections

The City, DED, FEMA, the State Auditor and HUD or their delegates shall have the right to review and monitor the financial and other components of the work and services provided and undertaken as part of the CDBG and Hazard Mitigation project and this contract, by whatever legal and reasonable means are deemed expedient by the City, DED, the State Auditor and HUD.

21. Hold Harmless

The Consultant agrees to indemnify and hold harmless the City, its appointed and elective officers and employees, from and against all loss and expense, including attorney's fees and costs by reason of any and all claims and demands upon the City, its elected or appointed officers and employees from damages sustained by any person or persons, arising out of or in consequence of the Consultant's and its agents' negligent performance of work associated with this agreement.

- 22. The Consultant agrees to purchase at its own expense Workers' Compensation insurance, Professional Liability insurance, and Commercial General Liability insurance and will, upon request, furnish insurance certificates to the Owner.
- 23. The Consultant agrees to abide by the provisions of the Nebraska Fair Employment Practices Act as provided in Neb. Rev. Stat. §48-1101, et. seq., which is made a part of this Agreement and is included in this Agreement by reference.

This agreement contains all terms and conditions agreed to by the City and the Consultant. The attachments to this agreement are identified as follows:

Attachment #1, Scope of Work, consisting of 3 pages

WITNESS WHEREOF, the City and the Consultant have executed this contract agreement as of the date and year last written below.

A Municipal Corporation	INC., a Nebraska Corporation, CONSULTANT
By Tand / lingland	By AMalard
Title Mayor	Title St. Vin Frec.
Date <u>Febr. 21, 1995</u>	Date

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City Att	orne	y/	<u>-</u>		•	
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Date						

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ATTACHMENT #1

- 1. The Consultant shall complete all necessary work activities to administer the Hazard Mitigation Grant and the CDBG Grant on behalf of the City in accordance with the provisions of this agreement, the Hazard Mitigation Act, and the HUD Act, including, but not limited to:
- (a) Preparation and processing of all documents necessary to retain an appraiser to appraise the real estate to be purchased under the grant programs. City Council of the City must approve any appraisal contract. The Consultant shall also coordinate the activities of this appraiser under the appraisal contract in order to facilitate timely completion of the Grant schedules and their deadlines.
- (b) Preparation and processing of all documents necessary to acquire the real estate to be purchased using the voluntary acquisitions pursuant to a public solicitation method (under the Uniform Relocation Assistance and Real Property Acquisition Act of 1970). The Consultant shall also:
 - obtain a title insurance commitment and review the commitment
 - obtain and review the appraisal
 - meet with property owners/tenants as needed to negotiate the purchase of the real property and process relocation benefits for tenants
 - maintain records of calls and meetings with owners and tenants
 - recommend negotiated settlements, if necessary
 - obtain necessary signatures for conveying title
 - obtain mortgage/deed of trust releases, if necessary
 - order title updates when needed
 - handle closing for each transaction and record documents at the Gage County Courthouse
 - prepare and submit IRS 1099 forms for each transaction over \$600.00.
- (c) Establishment and maintenance of files for each property to be purchased containing all documentation required under the Hazard Mitigation Act and the HUD Act, as applicable. After all requirements for acquisition of a respective property under the program have been completed, the Consultant shall submit the respective files to the City Clerk for safekeeping.
- (d) Preparation and processing of all documents necessary to retain contractors to demolish the buildings located on the real estate that is purchased. The Consultant shall also coordinate the activities of this contractor in order to facilitate timely completion of the

Grant schedule and their deadlines. The Consultant shall further ensure that certificates of insurance that have been approved by the City Administrator of City have been obtained from all such contractors.

- (e) Preparation of written quarterly reports and other reports required to be submitted to the DED and FEMA covering the CDBG Grant and the Hazard Mitigation Grant. Consultant shall coordinate with the City Administrator of City to ensure that all needed information is included in such reports. Consultant agrees to immediately correct any errors in the preparation of the reports that are pointed out by the City Administrator of City. The completed reports shall be submitted by Consultant to the City Clerk of City in a timely manner for submission to the appropriate federal/state agency. The Consultant shall also be available for consultation during monitoring visits by DED officials and FEMA officials. Consultant also agrees to immediately correct any violations or requirements pointed out in the written reports prepared by DED and FEMA officials.
- (f) Preparation of necessary written requests for payment including support documentation, from DED and FEMA for Hazard Mitigation Grant funds and CDBG Grant funds no less frequently than upon a monthly basis. The completed request for payment and support documentation shall be submitted to the City Clerk of the City for submission to the appropriate federal/state agency. Consultant agrees to immediately correct any error in the preparation of such written request for payment.
- (g) Submission in writing to City no less frequently than once each month of all complaints received from any person concerning the grant program and the administration thereof and responses given by Consultant.
- (h) Completion of all environmental review procedures required by the acquisition of property to be purchased under the grant programs.
- (i) Providing assistance to the City in the compliance with all applicable law and regulations, including grant funding requirements.

2. It is agreed by the parties that:

(a) The parcels of real estate to be purchased by the City under the Grant programs, the respective Grant program from which funds will be used for the purchase of a particular parcel of real estate, and the schedule by which the Consultant must complete work activities necessary to purchase respective real estate shall be determined by the City Administrator of the City. Prior to any initial

contact with respective property owners, Consultant shall receive written authorization from the City Administrator. It is also understood that purchases will be based upon the pre-flood market value of each property based upon the appraisal.

- (b) The Consultant shall submit the title insurance commitment for respective property to the City Attorney for review. No purchase agreement shall be executed by the City Administrator of the City for purchase of the respective property nor shall purchase of such property be consummated until approval of the title insurance commitment has been received from the City Attorney.
- (c) All forms and documents to be used by the Consultant shall first be reviewed and approved by the City Administrator of the City. All contracts prepared by Consultant shall be approved by City Attorney of the City.
- (d) The purchase price for property to be purchased under the programs, cost of newspaper publication for appraisers/contractors, the cost for title insurance, cost of appraisals, cost of relocation expenses to which tenants are entitled, and the cost of necessary recording of documents with the Gage County Register of Deeds Office shall be paid by the City from grant funds separate from the compensation to be paid to Consultant as provided in Paragraph 3 of the Contract. Consultant shall timely submit to City Clerk of City billings for these expenses from the respective providers of services/vendors.
- 3. Consultant must complete all work activities described in this Scope of Work on or before September 1, 1996.
- 4. Consultant agrees to comply with all provisions of the Grant applications, supporting documents, and schedules for the Hazard Mitigation Grant and the CDBG Grant filed with FEMA and DED, respectively, prepared by or on behalf of City. It is understood by the parties that \$724,950 of such Grant programs has been allocated for the acquisition by the City of residences and businesses from the Floodway District of the City and that City may receive additional grant fund to be expended for such purposes. It is further understood that if funds remain available after all voluntary acquisitions of targeted residences and businesses from the Floodway District of the City have been completed, then targeted residences and businesses located in the Floodway Fringe District of the City will be acquired.